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BC FORM 51-901F

Incorporated as part of: Schedule A

ISSUER DETAILS

NAME OF ISSUER

PetroReal Oil Corporation

FOR QUARTER ENDED

March 31, 2002

DATE OF REPORT
YYYY / MM / DD

2002 / 05 / 07

ISSUER ADDRESS

1750 - 1177 West Hastings Street

CITY

Vancouver

PROVINCE

BC

POSTAL CODE

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ISSUER FAX NO.

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ISSUER TELEPHONE NO.

(604) 683-2220

CONTACT NAME

Keiko Mizuno

CONTACT POSITION

Assistant Corporate Secretary

CONTACT TELEPHONE NO.

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CONTACT E-MAIL ADDRESS

KeikoMizuno@telus.net

WEB SITE ADDRESS

CERTIFICATE

The three schedules required to complete this Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Report will be provided to any shareholder who requests it.

DIRECTOR'S SIGNATURE

PRINT FULL NAME

Andrew von Kursell

DATE SIGNED

YYYY / MM / DD
2002 / 05 / 29

DIRECTOR'S SIGNATURE

PRINT FULL NAME

Adrian Rollke

DATE SIGNED

YYYY / MM / DD
2002 / 05 / 29

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PETROREAL OIL CORPORATION
INTERIM BALANCE SHEET
(Unaudited)

	March 31, 2002	December 31, 2001
Assets		
Current:		
Cash	\$ 831	\$ 13
Accounts receivable	1,867	1,905
Prepaid expenses	1,871	458
	4,569	2,376
Oil and gas property (Note 4)	117,981	119,234
	\$ 122,550	\$ 121,610
Liabilities		
Current:		
Bank indebtedness (Note 5)	\$ 30,969	\$ 30,454
Accounts payable	541,643	511,948
	572,612	542,402
Shareholders' Deficiency		
Share Capital (Note 7)	5,069,873	5,069,873
Deficit	(5,519,935)	(5,490,665)
	(450,062)	(420,792)
Going Concern (Note 1(b))	\$ 122,550	\$ 121,610

Approved by the Directors:





- See accompanying notes -

PETROREAL OIL CORPORATION
INTERIM STATEMENT OF LOSS AND DEFICIT
(Unaudited)

	Three Months ended March 31,		Cumulative Since Inception, September 10, 1997
	2002	2001	
Revenue:			
Chestermere			
- oil and gas revenue	\$ 3,930	\$ 18,603	\$ 207,835
- operating expenses	(3,504)	(9,242)	(103,730)
- depletion	(1,402)	(2,762)	(61,813)
	(976)	6,599	42,292
Expenses:			
Administration fees	9,395	10,648	143,663
Bank charges	56	187	16,616
Filing fees and transfer agent	1,517	1,621	39,488
Interest	536	1,901	48,574
Legal and accounting	2,075	1,250	160,317
Management and consulting fees	1,954	22,142	264,571
Office and miscellaneous	920	4,944	63,201
Property investigation costs	-	-	25,902
Rent	11,844	11,923	178,003
Travel	-	-	9,026
	28,297	54,616	949,361
Loss before other items	29,273	48,017	907,069
Other Items:			
Gain on disposal of oil and gas property	-	-	14,442
Interest income	3	30	2,922
Write-off of Ecuador oil and gas joint venture	-	-	(305,262)
Writedown of accounts payable	-	-	47,122
Forgiveness of debt	-	-	14,304
	3	30	(226,472)
Net Loss	29,270	47,987	1,133,541
Deficit, beginning	5,490,665	5,352,848	4,386,394
Deficit, ending	\$ 5,519,935	\$ 5,400,835	\$ 5,519,935
Weighted average number of shares outstanding	\$ 8,090,009	\$ 8,090,009	
Net loss per share	\$ 0.00	\$ 0.01	

- See accompanying notes -

PETROREAL OIL CORPORATION
STATEMENT OF CASH FLOWS
(Unaudited)

	Three Months ended March 31,		Cumulative Since Inception, September 10,
	2002	2001	1997
Operating Activities:			
Net Loss	\$ (29,270)	\$ (47,987)	\$ (1,104,271)
Items not involving cash -			
Gain on disposal of oil and gas property	-	-	(14,442)
Depletion	1,402	2,762	60,411
Cancellation of note payable	-	-	(8,825)
Write-down of accounts payable	-	-	(38,297)
Write-off of Ecuador oil and gas joint venture	-	-	305,262
	(27,868)	(45,225)	(800,162)
Net change in non-cash working capital related to operating activities -			
Decrease (increase) in accounts receivable	38	3,990	1,441
Decrease (increase) in prepaid expenses	(1,413)	(728)	(458)
Increase in accounts payable	30,061	49,580	638,486
	818	7,617	(160,693)
Investing Activity:			
Proceeds on disposal of oil and gas property	-	-	165,000
Oil and gas property costs	-	(7,562)	(636,065)
	-	(7,562)	(470,465)
Financing Activities:			
Net increase in bank indebtedness	-	-	30,454
Net (decrease) increase in loan payable	-	(4,269)	-
Repayment of debenture payable	-	-	(520,000)
Issuance of share capital	-	-	872,661
Issuance of special warrants	-	-	247,047
	-	(4,269)	630,162
(Decrease) Increase in Cash	818	(4,214)	(996)
Cash, beginning	13	6,127	1,009
Cash, ending	\$ 831	\$ 1,913	\$ 13
Supplemental Disclosure of Cash Flow Information:			
Interest paid	\$ -	\$ 647	\$ 25,939
Non-cash Transactions:			
Conversion of debenture payable	\$ -	\$ -	\$ 330,000
Settlement of interest payable through issuance of shares	\$ -	\$ -	\$ 19,446
Settlement of other accounts payable through issuance of shares	\$ -	\$ -	\$ 198,956

- See accompanying notes -

PETROREAL OIL CORPORATION
NOTES TO INTERIM FINANCIAL STATEMENTS
March 31, 2002
(Unaudited)

1. Operations and Basis of Presentation

a) Stage of Operations

The company is a development stage enterprise that is evaluating oil and gas acquisition opportunities. The company plans to acquire and operate a significant producing oil and gas property, or a significant petroleum service operation, as its principal operation. The company does not consider its investment in the Chestermere Property (note 4) to be significant for purposes of determining development stage status. Inception of the development phase was on September 10, 1997, when the company was reactivated after a dormant phase.

b) Going Concern

The company does not have sufficient financing arranged to acquire oil and gas operations that it evaluates. The company has a working capital deficiency of \$568,043 at March 31, 2002 and has accumulated operating losses of \$1,133,541 from inception to March 31, 2002. The company will have to arrange financing to cover its working capital deficiency, to pay the purchase price and development costs for any operation it intends to acquire, and to fund future operating losses until profitable operations can be achieved. There is no assurance that additional financing will be available to the company on terms acceptable to the company.

These financial statements have been prepared on the basis that the company is a going concern. These financial statements do not include adjustments that would be necessary should the company be unable to continue as a going concern.

2. Accounting Policies:

a) Oil and Gas Properties –

The company follows the Canadian Institute of Chartered Accountants accounting guidelines relating to full cost accounting in the oil and gas industry for its petroleum and natural gas properties whereby all costs of acquisition of, exploration for and development of petroleum and natural gas reserves, net of related government incentives are capitalized in separate cost centres on a country-by-country basis. Capitalized costs are generally limited under “ceiling tests” to the value of future net revenues from estimated production of proved reserves at current prices and costs plus the costs of unproved properties. Costs are depleted by cost centre using the composite unit-of-production method based upon proved reserves estimated by professional engineers. Reserves are converted to equivalent units on the basis of approximate relative energy content.

All exploration and production activities related to petroleum and natural gas are conducted jointly with others. Only the company’s proportionate interest in such activities is reflected in the financial statements.

PETROREAL OIL CORPORATION
NOTES TO INTERIM FINANCIAL STATEMENTS
March 31, 2002
(Unaudited)

2. Accounting Policies (Continued):

b) Income Taxes -

Income taxes are calculated using the liability method of tax allocation accounting. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet and unutilized losses carried forward are used to calculate future income tax liabilities or assets. Future income tax liabilities or assets are calculated using tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. The carrying value of future income tax assets is limited to the amount that is more likely than not to be realized.

c) Loss Per Share -

Basic loss per share has been calculated using the weighted average number of shares outstanding during the period. Fully diluted loss per share has not been presented as it would be anti-dilutive.

d) Translation of Foreign Currencies -

Amounts in foreign currencies are translated to Canadian dollars as follows:

- Monetary items are translated at the rate of exchange in effect at the balance sheet date;
- Non-monetary items are translated at historical exchange rates; and
- Revenue and expense items are translated at the rate of exchange in effect on the dates they occur.

e) Cash -

Cash consists of cash and bank accounts integral to the company's cash management.

3. Financial Instruments:

Fair Values -

Unless otherwise noted, the fair market value of financial assets and liabilities which include cash, accounts receivable, loan receivable, bank indebtedness, accounts payable, and loan payable approximates their book value

PETROREAL OIL CORPORATION
NOTES TO INTERIM FINANCIAL STATEMENTS

March 31, 2002

(Unaudited)

4. Oil and Gas Property:

Chestermere, Alberta Property

On October 2, 1998, the company acquired a 2.5% working interest in and to six producing oil and gas wells located in Chestermere area, approximately three miles east of the city of Calgary, Alberta for \$276,000.

	March 31, 2002	December 31, 2001
Acquisition costs	\$ 276,000	\$ 276,000
Other capital costs	54,952	54,803
Less: Disposal	(151,158)	(151,158)
Less: Depletion	(61,813)	(60,411)
Total	\$ 117,981	\$ 119,234

On May 18, 2001, the company sold a 1.5% working interest in the Chestermere Property for \$165,600, effective March 1, 2001. The closing of the sale is subject to the receipt of waivers of rights of first refusal from joint venture partners.

The purchase price was offset against a loan from the purchaser (Note 6) and other amounts owed to the purchaser. A former director of the company (who was a director when the agreement was entered into) controls the purchaser.

5. Bank Indebtedness:

The bank has demanded repayment of the indebtedness (\$23,790) together with interest (\$7,179) at the bank's prime interest rate plus 5% per annum.

6. Loan Payable:

In October 1998 the company received a \$138,000 loan from a company controlled by a director of the company. The lender's control person ceased to be a director of the company during the year ended December 31, 2001. The loan bore interest at the Royal Bank prime rate, and was settled by the sale of a partial company's interest in the Chestermere Property during the year ended December 31, 2001 (Note 4).

PETROREAL OIL CORPORATION
NOTES TO INTERIM FINANCIAL STATEMENTS

March 31, 2002

(Unaudited)

7. Share Capital:

- a) Authorized – 199,936,250 common shares without par value (reduced from 199,939,250 on February 29, 2000).

b) Issued and Fully Paid -	No. of Shares	Amount
Balance at inception, September 10, 1997	1,734,659	\$ 3,401,764
Shares issued for cash	400,000	160,000
Escrow shares cancelled (issued prior to inception)	(60,750)	-
Shares issued for cash	1,380,000	426,510
Balance, December 31, 1997	3,453,909	3,988,274
Debenture conversion	727,083	330,000
Warrants exercised	730,000	282,400
Balance, December 1998	4,910,992	4,600,6734
Escrow shares issued	372,000	3,750
Special warrants exercised	1,000,000	247,047
Balance, December 31, 1999	6,282,992	4,851,471
Escrow shares cancelled (issued prior to inception)	(3,000)	-
Shares issued to settle accounts payable	1,810,017	218,402
Balance, December 31, 2000, December 31, 2001 and March 31, 2002	8,090,009	\$ 5,069,873

c) Stock Options -

The following stock options have been granted or cancelled since inception:

	Date of Vesting	Expiry date	Exercise price	Number of Shares subject to option
Granted - December 8, 1998	December 8, 1998	December 8, 2003	\$1.14, reduced to \$0.16 on August 25, 2000	380,000
Cancelled - October 8, 2000		December 8, 2003	\$0.16	(10,000)
Granted - March 2, 2001	March 30, 2001	March 2, 2006	\$0.30	430,000
Cancelled - May 4, 2001		December 8, 2003	\$0.16	(50,000)
Outstanding - December 31, 2001 and March 31, 2002				750,000

PETROREAL OIL CORPORATION
NOTES TO INTERIM FINANCIAL STATEMENTS

March 31, 2002

(Unaudited)

7. Share Capital (Continued):

d) Escrow Shares -

As at March 31, 2002, there are 372,000 common shares subject to escrow agreements.

8. Related Party Transactions:

In addition to transactions described elsewhere in these financial statements, the company had the following transactions with officers or directors of the company and companies with which officers or directors or former officers and directors are associated.

	Three Months ended March 31,	
	2002	2001
Transactions -		
Administration fees	\$ 9,395	\$ 5,082
Consulting fees	-	9,117
Interest expense	-	1,183
Rent	11,844	3,974

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Since February 28, 2001, administrative fees and rent were classified as related party transactions as these were provided by a company which was owned by a then appointed director and officer of the company.

	March 31,	December 31,
	2002	2001
Balance at period-end – included in		
Accounts payable	\$ 445,888	\$ 422,873

These balances are payable on demand and have arisen from the provision of services.

BC FORM 51-901F

Incorporated as part of : Schedules B and C

ISSUER DETAILS

NAME OF ISSUER

PetroReal Oil Corporation

FOR QUARTER ENDED

March 31, 2002

DATE OF REPORT
YYYY / MM / DD

2002 / 05 / 29

ISSUER ADDRESS

1750 - 1177 West Hastings Street

CITY

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Keiko Mizuno

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Assistant Corporate Secretary

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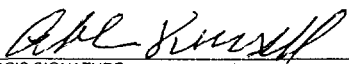
KeikoMizuno@telus.net

WEB SITE ADDRESS

CERTIFICATE

The three schedules required to complete this Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Report will be provided to any shareholder who requests it.

DIRECTOR'S SIGNATURE



PRINT FULL NAME

Andrew von Kursell

DATE SIGNED

YYYY / MM / DD

2002 / 05 / 29

DIRECTOR'S SIGNATURE



PRINT FULL NAME

Adrian Rollke

DATE SIGNED

YYYY / MM / DD

2002 / 05 / 29

For the Three Month Period Ended March 31, 2002

1. The analysis (breakdown) of expenses (general and administrative expenses) required by Schedule B is shown on the statement of loss and deficit included as part of Schedule A.
2. Related party transactions are disclosed in notes 4, 6 and 8 to the interim financial statements included as part of Schedule A.
3. (a) No securities were issued during the three month period ended March 31, 2002.
(b) No stock options were granted during the three month period ended March 31, 2002.
4. The authorized, issued and outstanding share capital of the Company, stock options outstanding, and escrow shares remaining as at March 31, 2002 are summarized in note 7 to the interim financial statements included as part of Schedule A.
5. The directors and officers of the Company are:

a) The 2002 figures reflect the Company's reduced working interest share of 1% from 2.5% effective March 1, 2001 (i.e. 1% for three months in 2002 versus 2.5% for 2 months and 1% for one month in 2001).

PetroReal Oil Corporation
BC Form 51-901F Quarterly Report

For the Three Month Period Ended March 31, 2002

Schedule C Management Discussion and Analysis (Continued)

Oil and Gas Activities (Continued)

- b) The production level for oil was similar during the three month periods ended March 31, 2002 and 2001; however, the production level for gas was lower by approx. 20% in 2002 than in 2001.
- c) The average sale price for oil was lower by approx. 17% and for gas lower by approx. 26% during the three month period in 2002 compared with the same period in 2001.
- d) The operator charged, during the current quarter, retroactive adjustments of \$3,962 for Freehold Mineral Taxes claimed to be undercharged for 1999, 2000, and 2001.

The net result was a decrease in oil and gas revenue to \$3,930 for 2002 from \$18,603 for 2001. The Company's share of total production for the three month period ended March 31, 2002 was equivalent to 140 barrels of oil, compared to 277 barrels for the same period in 2001. The average revenue per barrel equivalent was \$28 and \$67 in the first three months of 2002 and 2001 respectively (\$56 in 2002 if tax adjustments in d) above were excluded). The average revenue per barrel equivalent for fiscal 2002 was \$53.

Administrative expenses

Expenses during the three month period ended March 31, 2002 were generally lower than the same period in 2001, resulting in a \$26,319 decrease in total expenses from \$54,161 to \$28,297. The main reason for reduction is \$20,188 reduction in management and consulting fees. Management and consulting fees payable to management in 2002 was nil compared with \$9,117 in 2001. Management and consulting fees for 2001 included \$11,367 paid to financing consultants (2002 - nil).

Interest expense was lower in 2002 than 2001 due to the cessation of interest accruing on the loan that was offset against the partial sale of the Chestermere Property effective March 1, 2001. Office and miscellaneous in 2001 included foreign exchange loss of \$3,733 (\$71 in 2002).

Investor Relations Activity

The Company did not undertake any significant investor relations activity during this period.

Liquidity and Solvency

Management expects that the Company's current working capital deficit, equal to \$568,043, will be financed at the same time as project financing for new project acquisitions is completed. The company will need to secure significant additional funding to continue its operations and acquisition activities.